



Proskauer Rose LLP Eleven Times Square New York, NY 10036-8299

Margaret A. Dale
Member of the Firm
d 212.969.3315
f 212.969.2900
mdale@proskauer.com
www.proskauer.com

February 14, 2015

By ECF

Honorable William H. Pauley III
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, NY 10007

Re: *Securities and Exchange Commission v. Caledonian Bank Ltd., et al.*, 15-CV-894 (WHP)

Dear Judge Pauley,

On behalf of Caledonian Bank Ltd. and Caledonian Securities Ltd. (collectively, the “Caledonian Defendants” or “Caledonian”), we write to provide the Court with an update regarding developments that have occurred since our last update on Tuesday evening.

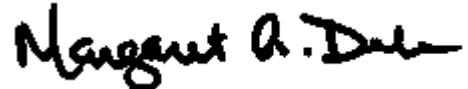
On February 10, 2015, Cayman Islands Monetary Authority (“CIMA”) placed Caledonian into a controllership and appointed Keiran Hutchison and Claire Loebell of Ernst & Young to assume control of the affairs of Caledonian (the “Controllers”). Following this action, the shareholder of the bank voted to place the bank into a voluntary liquidation and presented a petition to the Financial Services Division of the Grand Court of the Cayman Islands to place Caledonian into a voluntary liquidation. On February 11, 2015, a hearing was held to determine with whom control of Caledonian should be vested. The Grand Court, at a hearing on February 12, 2015, dismissed the petition and upheld CIMA’s appointment of a controller. A formal Order was entered in the matter earlier today.

The Controllers have retained Proskauer to continue to represent the Caledonian Defendants in connection with the above-referenced litigation. In light of current developments, we are working with the Securities and Exchange Commission (the “Commission”) on a stipulation to: 1) extend the modified TRO; 2) adjourn the preliminary injunction hearing; and 3) extend certain deadlines with respect to the Caledonian Defendants. We anticipate presenting the stipulation to be So-Ordered by the Court as soon as possible.

Proskauer >

Honorable William H. Pauley III
February 14, 2015
Page 2

Respectfully submitted,



Margaret A. Dale

cc: Counsel of record